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ABSTRACT

The Work Incentive (WIN) program is supposed to help recipients of Aid to Families with Dependent Children (AFDC) to get jobs through a program of training, work experience, and employment while reducing the cost of the AFDC program. Because of concerns raised about the program, the Government Accounting Office (GAO) assessed the program to determine how it was working. GAO visited 150 WIN offices in 40 states and gathered data on 2,229 WIN participants. Some of the findings of the assessment were as follows: (1) Of the adults receiving AFDC, 40 percent were required to register for WIN, but only about half actually participated because of funding constraints; (2) of those participating in WIN, about 36 percent entered employment, of whom 38 percent were employed and off AFDC 6 to 18 months later; (3) half of all WIN participants finding jobs attributed their employment to WIN assistance; (4) for those who entered employment, statistically significant relationships were found between certain personal characteristics such as marital status and educational level and employment and AFDC status at the time of GAO's followup interviews; however, no such relationships were found between geographic factors or participation in specific WIN training components and employment and AFDC status at the time of followup; and (5) the Department of Labor significantly overstated WIN accomplishments. (KC)

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REPORT BY THE

Comptroller General

OF THE UNITED STATES

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An Overview Of The WIN Program: Its Objectives, Accomplishments, And Problems

The Work Incentive (WIN) program is supposed to help recipients of Aid to Families with Dependent Children (AFDC) prepare for and get jobs. And WIN has helped many individuals find jobs. However, during fiscal year 1980,

- **--of the adults receiving AFDC, 40 percent were required to register for WIN, but only about half actually participated because of funding constraints;**
- **--of those participating in WIN, about 36 percent entered employment, of whom 38 percent were employed and off AFDC 6 to 18 months later;**
- **--half of all WIN participants finding jobs attributed their employment to WIN assistance;**
- **--for those who entered employment, statistically significant relationships were found between (1) certain personal characteristics such as marital status and education level and (2) employment and AFDC status at the time of GAO's followup interview, but no such relationships were found between geographic-related factors or participation in specific WIN training components and employment and AFDC status at time of followup; and**
- **--the Department of Labor significantly overstated WIN accomplishments.**

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-206944

The Honorable Carl M. Levin
Ranking Minority Member
Subcommittee on Oversight
of Government Management
Committee on Governmental Affairs
United States Senate

Dear Senator Levin:

This report is in response to your June 23, 1980, request for an indepth assessment of the Work Incentive (WIN) program. The report discusses the program's objectives and accomplishments and the problems associated with helping Aid to Families with Dependent Children recipients prepare for and find jobs.

As you requested, we are continuing our analysis of the WIN data base developed for this review. The analysis will focus on the types of program services WIN participants received and the impact those services may have had on their ability to find employment and stay off welfare. We will keep you and your staff informed on the progress of our analysis.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

Charles A. Bowsher

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO THE RANKING MINORITY MEMBER, SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

AN OVERVIEW OF THE WIN PROGRAM: ITS OBJECTIVES, ACCOMPLISHMENTS, AND PROBLEMS

D I G E S T

The Work Incentive (WIN) program is supposed to help recipients of Aid to Families with Dependent Children (AFDC), one of the largest Federal and State welfare programs, to get jobs through a program of training, work experience, and employment while reducing the cost of the AFDC program.

Because of concerns raised about the WIN program and WIN-type work incentives, in June 1980 Senator Carl M. Levin, then Chairman of the Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, requested that GAO assess the program.

GAO designed its assessment to be projectable nationwide to determine:

--What portion of the AFDC population receives assistance from WIN.

--What percentage of WIN participants achieve self-support.

--Whether other WIN performance goals are being achieved.

--What mix of services is being provided to WIN participants and to what extent those services and other factors are associated with participant outcomes.

GAO visited 150 WIN offices in 40 States and gathered data on 2,229 WIN participants. (See pp. 7 to 9.)

MOST ADULT AFDC RECIPIENTS DO NOT PARTICIPATE IN THE WIN PROGRAM

Because of budget limitations and legal exemptions from the WIN program, less than 20 percent of the 4.1 million adult AFDC recipients participated in the program in 1980. The Department of Health and

Human Services estimated that over 60 percent of the adult AFDC recipients were legally exempt from registering for WIN, mainly because they were caring for a child under 6 years of age.

Limited funding and the higher costs involved with helping the less employable forced most WIN offices to serve those that were readily employable. Also, the incentives in the fund allocation formula put a premium on how many got jobs without regard for the help provided. As a result, WIN assisted AFDC recipients who were easiest to place in a job--those most likely to get jobs without WIN help. The other AFDC recipients who registered for the WIN program but were not selected to participate in a WIN component generally did not get any help. (See pp. 12 and 13.)

Many WIN participants had sufficient potential to find work on their own. For fiscal year 1980, about 70 percent of the 204,000 WIN registrants who entered employment said they found their own jobs. About half of those who entered employment said that being in the WIN program contributed to their finding a job. (See p. 16.)

SOME WIN PARTICIPANTS ELIMINATED OR REDUCED THEIR AFDC GRANTS, BUT MOST DID NOT ACHIEVE SELF-SUFFICIENCY

WIN officials reported that about 36 percent of the AFDC recipients actively participating in WIN entered employment during the fiscal year. Of those that got jobs in fiscal year 1980 who were on AFDC, 40 percent of their jobs paid enough for them to go off AFDC as soon as they started working. The other 60 percent of the jobs required that the WIN participants continue to receive full or partial AFDC grants. When the WIN participants were interviewed 6 to 18 months later, 64 percent were still working, and 38 percent were working and off AFDC. (See pp. 19 to 21.)

Once WIN participants got jobs and earned enough to become self-sufficient, they tended to remain in a working status; however, those who got jobs but did not earn enough to go off AFDC tended to lose their jobs. For fiscal year 1980, half of the WIN participants who got jobs but continued

to receive a full AFDC grant were not working when they were later interviewed. In comparison, only one-third of those who got jobs that paid enough to get off AFDC were no longer working when interviewed.

Furthermore, a statistically significant relationship existed between the participants' marital status, education level, number of children, years on AFDC, and age and whether they maintained their employment and were off AFDC when they were interviewed. WIN participants who were married, were better educated, had fewer children, had fewer years on AFDC, and were younger had a greater likelihood of sustaining their employment and getting off AFDC than did other participants.

However, no statistically significant relationship was found between conditions associated with geographic location, such as unemployment rates and community size or participation in WIN training components, and participant employment and AFDC status at the time of the follow-up interview. (See pp. 23 to 30.)

WIN ACCOMPLISHMENTS OVERSTATED

The measures of accomplishment most often used by WIN officials are the number of participants entering employment; the job retention levels; and the savings resulting from AFDC grant reductions and reductions in other related programs, such as Medicaid and food stamps. However, because of the double counting of individuals entering employment and the use of unrealistic retention levels in calculating savings from AFDC grant reductions, GAO estimated that reported fiscal year 1980 accomplishments of $632 million were overstated by $319 million. (See pp. 34 to 37.)

Further, WIN officials did not consider the limited impact that the program may have had on many participants. As a result, reported savings figures do not separate the savings resulting from self-placements from those resulting from WIN placements. GAO estimates that $91 million of the savings was attributable directly to WIN placements and $222 million to self-placements. (See pp. 38 and 39.)

RECOMMENDATIONS TO THE SECRETARIES OF LABOR AND HEALTH AND HUMAN SERVICES

The Secretaries should modify the process for calculating and reporting welfare payment reductions by

--eliminating the double counting of participants who enter into more than one job in a year;

--using a more realistic retention level, such as the 6-month level; and

--identifying the welfare savings related to WIN placements separately from the savings resulting from participants' self-placements.
(See pp. 39 and 40.)

AGENCY COMMENTS

The Department of Health and Human Services deferred comments to the Department of Labor, which concurred in our recommendations. However, Labor is not planning to implement the recommendations because the administration proposes to replace the WIN program in fiscal year 1983 with a combination of

--mandatory Community Work Experience Programs,

--activities authorized under the Job Training Act of 1982, and

--human services and other block grants.
(See p. 40.)

The Secretaries of Labor and Health and Human Services should consider GAO's recommendations in establishing reporting requirements for any program which replaces the WIN program. If WIN is continued beyond this year, the recommendations should be implemented.

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ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
CETA	Comprehensive Employment and Training Act
GAO	General Accounting Office
HHS	Department of Health and Human Services
WIN	Work Incentive

CHAPTER 1

INTRODUCTION

The U.S. welfare system consists of several programs that provide financial help to people eligible for public assistance. The programs are spread across Federal, State, and local jurisdictions. Typically, the State and local programs supplement the Federal efforts or assist persons not eligible for Federal aid. One of the largest welfare programs is Aid to Families with Dependent Children (AFDC), a joint Federal-State program enacted by the Congress in 1935 to help States care for poor families with no employable father in the home. During fiscal years 1980 and 1981, about $12.7 billion and an estimated $14.1 billion, respectively, was spent for the AFDC program; the Federal Government's share was $6.8 billion in 1980 and an estimated $7.5 billion in 1981.

The Work Incentive (WIN) program initially was authorized by the 1967 amendments to title IV of the Social Security Act (42 U.S.C. 630) to encourage and assist recipients of AFDC to achieve self-support through a program of training, work experience, and public service employment, thereby restoring AFDC families to economic independence and useful roles in their communities while reducing the cost of the AFDC program. The program is administered jointly by the Department of Labor and the Department of Health and Human Services (HHS). At the local level, the State employment service is responsible for employment training and job referrals, while the public welfare agency is responsible for supportive social services, such as child care and transportation.

Since it began in 1967, WIN has periodically undergone legislative and policy changes which have shifted emphasis from one element to another. In its early years, for example, WIN emphasized using institutional training to enhance registrants' work skills. By 1971, program emphasis had been redirected to on-the-job training and direct job placement. To facilitate job development and placement for WIN participants, the Revenue Act of 1971 (26 U.S.C. 40) offers employers a special tax incentive for hiring these individuals.

In 1975, the program was again changed to provide a more balanced approach between training and direct job placement. At the same time, the change was directed at exposing the most employable registrants to employment opportunities earlier by having AFDC recipients register at the WIN employment office rather than the welfare office.

The 1980 Social Security Disability Amendments (Pub. L. No. 96-265) also changed the WIN program by again increasing emphasis on job placement and strengthening sanctions against AFDC

recipients who refuse to participate in WIN. For example, the amendments strengthened the authority of the Secretaries of Labor and HHS to reduce grants when individuals without good cause (1) fail or refuse to participate in WIN, (2) terminate or refuse to accept employment, or (3) reduce the number of hours they worked or otherwise reduce their earnings. The amendments also eliminated the 60-day counseling period previously required for individuals refusing to participate.

The 1981 amendments to the Social Security Act contained in the Omnibus Budget Reconciliation Act of 1981 (Pub. L. No. 97-35, Sec. 2039) give States the option of implementing a WIN demonstration program instead of the regular WIN program. The major difference between the two programs is that the demonstration program is administered by HHS and allows States the flexibility to design components tailored to local needs, resources, and labor market conditions. Eligibility criteria for individuals to participate in the demonstration projects are comparable to the mandatory WIN registration requirements. As of November 1981, 26 States had elected to participate in the demonstration program. However, since then six States have dropped their plans to change to the demonstration program, and three others have indicated they may not make the changeover.

As an adjunct to either the regular WIN program or the demonstration program, the 1981 amendments also gave States the option of establishing a Community Work Experience program or Work Supplementation program. As of March 12, 1982, only five States had opted for either of these workfare-type programs. The President's February 8, 1982, budget message stated that legislation will be proposed requiring States to establish a Community Work Experience program to provide workfare to able-bodied AFDC recipients.

In addition to changes in program emphasis, WIN's budget has also changed. Under a continuing resolution for funding, the Congress recommended a fiscal year 1982 funding level of $246 million--significantly less than the annual appropriation for the program, which for 1978-81 was about $365 million annually. The President's proposed budget for fiscal year 1983 does not include any funds earmarked for WIN but would allow States to use other funding, such as AFDC program funds.

Because of the cutbacks in WIN funding for fiscal year 1982, planned accomplishments will be substantially less than those reported in prior years. For example, WIN officials estimate that in 1982 only 175,000 registrants will enter unsubsidized employment and that grant reductions will be only $377 million, which is $383 million less than the grant reductions reported for 1981. As shown in the following table, WIN officials reported AFDC savings of $599 million in fiscal year 1979, $632 million in 1980, and $760 million in 1981.

WIN Reported Accomplishments

	Fiscal year		
	1979	1980	1981
Number of registrants entering unsubsidized employment	259,000	277,000	310,000
Percent of registrants retaining jobs 30 days or more	80	81	88
Percent of registrants who will become self-sufficient and have their AFDC grant closed because of employment	53	50	50
Value of annual AFDC grant reductions due to employment (millions)	$599	$632	$760

WIN claims of AFDC grant reductions and other accomplishments are discussed in chapter 4.

HOW THE PROGRAM WORKS

As a condition of AFDC eligibility, about 40 percent of AFDC applicants are required to register for the WIN program at their local employment service agency. As part of this registration process, applicants are screened by local WIN officials to determine their employment potential and appraised by State welfare agency officials to determine their need for supportive social services.

Based on this screening and appraisal process, some WIN applicants are referred directly to employment opportunities. Others are selected to participate in various WIN program components, such as classroom or on-the-job training. However, still others, although registered for WIN, do not participate because of the limited resources available.

Those selected for WIN program components may receive the following services to improve their employment potential:

--Institutional or classroom training.

--Work experience, on-the-job training, or public service employment.

--Individual job counseling.

--Instructions in how to identify and apply for employment opportunities.

To make maximum use of its resources and provide maximum services to participants, WIN has encouraged local staffs to establish links with Comprehensive Employment and Training Act (CETA) prime sponsors, rehabilitation services, and other community groups. In fiscal year 1980, Labor reported that about 54,000 WIN registrants participated in CETA on-the-job training and about 38,000 participated in CETA public service employment.

The WIN program, in coordination with the State welfare agencies, also provides social services to participants to enable them to accept employment or training. These services may include:

--Child care.

--Transportation.

--Physical examination.

--Medical/dental care.

--Personal counseling.

--Emergency food, shelter, or clothing.

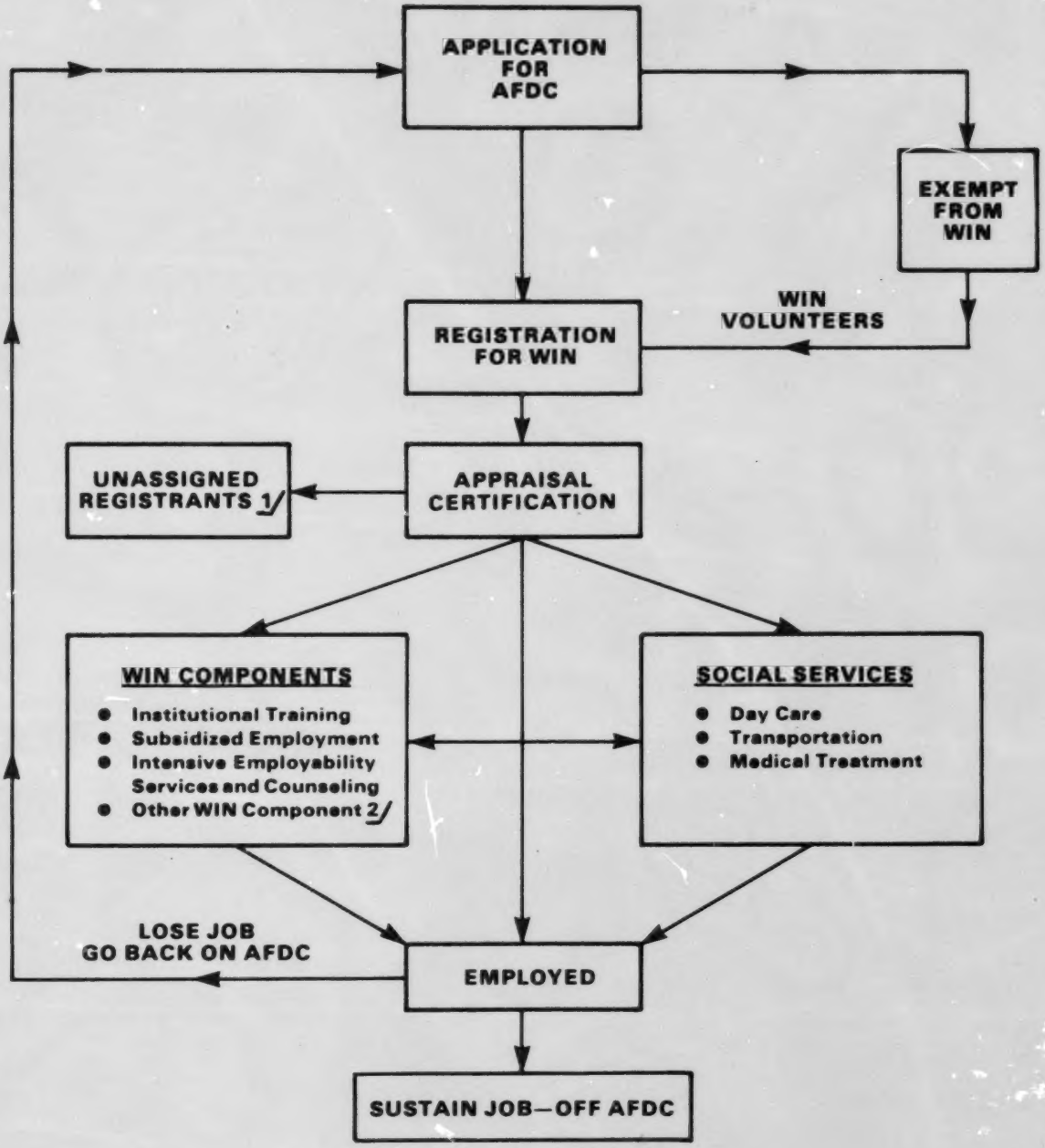
The chart on the following page shows how eligible WIN registrants generally move through the program from registration to final disposition.

Registering WIN participants and giving them employment and training assistance and social services cost about $372 million in fiscal year 1980 ($365 million in new obligations and a $7 million adjustment). Grants to States accounted for $360 million (97 percent) of the expenditures, while $12 million (3 percent) was spent on program administration and evaluation. The States used $246 million for employment and training assistance ($149 million for intake services and $97 million for specific work and training components) and $114 million to provide child care and supportive services to WIN participants. For a complete schedule of WIN expenditures, see appendix VI.

OTHER WIN STUDIES

Although WIN officials have reported many program accomplishments, the search for new and better ways to help find employment has continued. In 1974 and 1975, we issued five reports to the Congress on improvements needed in Labor's implementation of new

WIN CLIENT FLOW CHART



NOTES

1/ Did not participate in WIN program

2/ Waiting for placement in employment or another WIN component

legislative provisions that had changed the WIN program's operation and emphasis. (See app. V.) Since then the Congress has made several more changes, and Labor has undertaken numerous projects and studies to evaluate alternative techniques and procedures for improving the employability of welfare recipients. Two of the most significant studies were Dr. Leonard Goodwin's compilation of selected research efforts on WIN through 1976 and the Urban Institute's analysis of factors influencing successful State and local WIN programs.

Goodwin study

Much of the research reviewed in Dr. Goodwin's study 1/ focused on the efforts of welfare recipients to find jobs and the way the WIN program affected such efforts. Dr. Goodwin summarized the following conclusions from the studies reviewed:

--Welfare recipients find it difficult to obtain jobs because of lack of skills, poor health, need for child care, and scarcity of jobs paying wages sufficient to support their families.

--WIN is most successful in helping welfare recipients only when the recipients obtain services and not when they are directly referred to jobs.

--WIN, by itself, cannot resolve the welfare issue. The training provided does not enable large numbers of welfare recipients to become competitive in the regular job market.

--Tax credits given to businesses hiring welfare recipients have done little to change the job market situation for welfare recipients.

--Work-for-relief efforts are costly, inefficient, and resented by work supervisors and participants. On the other hand, welfare recipients provided publicly supported jobs are willing to work and perform competently over a period of time. However, providing jobs costs more than welfare, and relatively few persons who perform well in these jobs find equivalent employment in the regular work force.

1/Leonard Goodwin, "The Work Incentive (WIN) Program and Related Experiences," Washington: U.S. Department of Labor, Manpower Administration, Manpower Research Monograph No. 49, 1977. Dr. Goodwin, a professor at Worcester Polytechnic Institute, is a recognized researcher in the area of employment and training programs.

Urban Institute study

The Urban Institute study 1/ examined factors that influence the effectiveness of State and local units of the WIN program. The study concluded that:

--The socioeconomic environments within which WIN programs operate significantly influence their performance levels.

--High performing State WIN programs tended to be managed differently than low performers.

--High performing local WIN units tended to differ from low performing units in the way they were managed and delivered services to registrants.

Generally, WIN studies have focused on specific aspects of the program. Studies have not attempted to measure the cumulative impact of variables on WIN program results.

OBJECTIVES, SCOPE, AND METHODOLOGY

Because of concerns raised about the WIN program and WIN-type work incentives, the Congress is considering a number of welfare reform proposals which, if implemented, could affect efforts to help welfare recipients find employment. To assist the Congress, the former Chairman of the Subcommittee on Oversight of Government Management, Senate Committee on Governmental Affairs, requested that we make an indepth assessment of the WIN program.

In response to the request, we designed our assessment of the WIN program to determine:

--What portion of the AFDC population receives assistance from WIN.

--What percentage of WIN participants achieved self-sufficiency.

--Whether other WIN program performance goals are being achieved.

1/John J. Mitchell, Mark L. Chadwin, and Demetra S. Nightingale, "Implementing Welfare-Employment Programs: An Institutional Analysis of the Work Incentive (WIN) Program," Washington: U.S. Department of Labor, Employment and Training Administration, Research Monograph 78, 1980. Mr. Mitchell, Dr. Chadwin, and Ms. Nightingale did their research for the Urban Institute.

--What mix of services is being provided to WIN participants and to what extent those services and other factors (such as participant characteristics, local economic conditions, and community type and size) are associated with participant outcomes.

To meet our objectives, we gathered information from a number of sources. Interviews with national and regional WIN officials and State and local WIN and welfare officials provided background information and data on the administration and accomplishments of the WIN program. We analyzed performance data compiled by Labor and other researchers to gain insight into the program's various aspects. We also selected and interviewed a representative national sample of WIN participants and examined their WIN and welfare case records to learn what happens to WIN registrants actively participating in the program as they enter employment, participate in one of the program components, or receive supportive services. Although all of these sources were used to some degree, our primary emphasis was on information obtained from program participants and State and local officials who administer the program.

To assure that the participants included in our analysis were representative of all WIN participants across the Nation who entered an active WIN component in fiscal year 1980, we selected our sample in two stages. First, from the 1,072 WIN offices identified by Labor, we randomly selected 150, which were located in 40 States and included all 10 Labor regions. (For a list of the 150 sites in our sample, see app. II.) Then, we selected two samples of WIN participants at each of these offices. The two samples consisted of (1) 1,215 participants who had entered employment in fiscal year 1980 and (2) 1,014 participants who had enrolled in a service component in fiscal year 1980.

Our sample was designed so that the results could be projected nationwide with a sampling error that will not exceed 8 percent at a 95-percent confidence level. (See app. III.) However, our sample was not designed to focus on program results in particular States or local offices.

The detailed information obtained on each WIN participant in our sample was drawn from both case records and interviews. Data collected from case records included demographic information, such as age, sex, race, marital status, education, and household composition; prior work experience; registration data; information on training and social services received from WIN; and information on changes in welfare payments.

Interviews with participants, conducted during the period March to June 1981, provided data concerning each participant's experiences in the WIN program. These data included what happened to participants when they registered; their involvement in various

WIN components; any jobs they obtained during this period with or without WIN assistance; and supportive services they may have received, such as child care, transportation, medical and dental services, and personal counseling.

We did not attempt to determine what would happen to AFDC recipients if they had not participated in the WIN program or if there were no program. Instead, our review focused on AFDC recipients who did participate in the program to better understand their experiences and to explore specific approaches and alternatives which can improve the process for helping AFDC recipients find employment.

We did not evaluate the specific management of program resources and, therefore, did not consider it necessary to evaluate the internal control system applicable to the organization, program, or function. And, although we did use each State WIN office's automatic data processing system to identify our universes and provide information on overall program accomplishments, we did not assess the reliability of the Labor or individual State automatic data processing systems. Further, although we interviewed AFDC recipients and gathered certain background information, we did not make any tests for fraud. Our assessment was performed in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

A detailed description of our methodology and scope, as well as the demographic characteristics of WIN participants and offices in our sample, is presented in appendix I.

FOCUS OF THIS REPORT

Our comprehensive assessment of the WIN program has produced more information than can be adequately discussed in one report. In addition to data on overall program accomplishments, our assessment has provided detailed information on specific program services WIN participants reported they received and the extent to which those services and other factors may be associated with participant outcomes.

This report will provide an overview of the WIN program and its accomplishments. However, because of the large volume of data, we plan to do additional analysis of other aspects of the data base. Later reports will focus more directly on the services provided to WIN participants.

CHAPTER 2

MOST ADULT AFDC RECIPIENTS DO NOT PARTICIPATE IN THE WIN PROGRAM

The WIN program was designed to help AFDC recipients move from welfare dependency to employment. Most adult AFDC recipients, however, do not participate in WIN because they are legislatively exempt from registering for the program. At the end of fiscal year 1980, of approximately 4.1 million adults receiving AFDC, about 38 percent were registered for the WIN program. Further, because of limited program funding and job opportunities, only about half of the AFDC recipients who must register are selected to take part in WIN program components. (See chart on the following page.)

In accordance with WIN legislation and guidelines, WIN registrants who were selected to participate in the program were chosen because they were most likely to succeed--they had the greatest employability potential. As a result, those AFDC recipients with less employability potential and a greater need for help in finding jobs are least likely to participate in the program.

MANY ADULT AFDC RECIPIENTS ARE EXEMPT FROM WIN

Not all adult AFDC recipients are expected to register for the WIN program. For example, in its last annual report to the Congress on WIN dated December 19, 1980, Labor reported that during fiscal year 1979 about 4.1 million adults (over 16 years of age) were receiving AFDC. However, most of them were not required to register for WIN. WIN legislation exempts the following AFDC recipients from registering for the program:

--Persons under age 18 attending school full time.

--Persons too ill, too old, or otherwise incapacitated.

--Parent or other relative needed at home full time to personally care for a child under age 6.

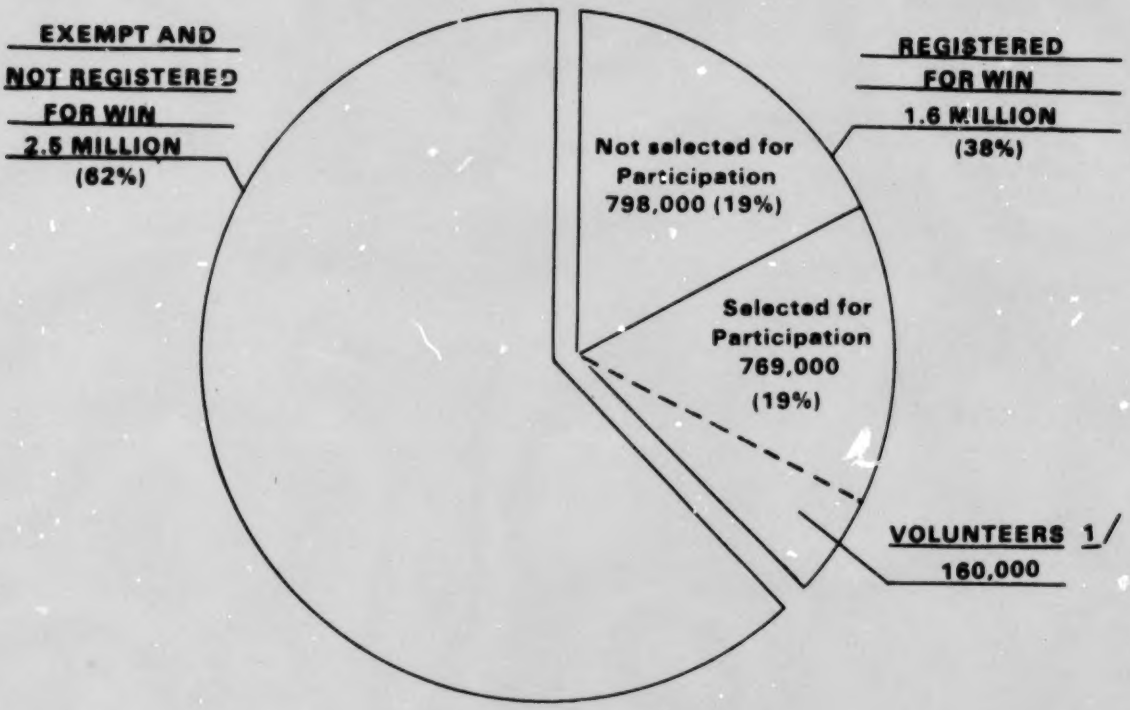
--Persons needed at home to care for ill or incapacitated household members.

--Persons so remote from a WIN office that effective participation is precluded.

--A parent who is not the principal wage earner, if the parent who is the principal earner has registered for WIN.

--Persons working more than 30 hours a week.

BREAKDOWN OF 4.1 MILLION ADULT AFDC RECIPIENTS 16 YEARS OLD OR OLDER



1/ About 160,000 participants registered for the WIN program even though they were exempt and were not required to register.

SOURCE OF DATA:

1. Estimate of adult AFDC population based on most recent statistics published by HHS.
2. All other figures developed from the fiscal year 1980 Management Information Report prepared by Labor.

According to State and local welfare officials, of the 2.5 million exempt adult AFDC recipients, between 60 and 65 percent are exempt from WIN because they are caring for a child under 6 years of age.

Exempt AFDC recipients may voluntarily take part in the program. But most do not, even though some local officials said they encourage AFDC recipients to do so. Labor reported that about 16 percent of those registered for WIN had volunteered for the program. Many of these volunteers actively take part in WIN. Based on our sample, we estimate that about 21 percent, or 160,000, of the registrants entering WIN components during fiscal year 1980 were volunteers.

FUNDING LIMITS NUMBER OF WIN REGISTRANTS SELECTED TO TAKE PART IN THE PROGRAM

Registering for WIN does not assure AFDC recipients that they will be selected to participate. At the end of fiscal year 1980, about 1.6 million individuals were registered in the WIN program. However, primarily because of limited funding, over half of these registrants were not assigned to an active program component. Local WIN officials in 79 percent of the 150 locations in our sample said they cannot serve all the AFDC recipients who register for WIN.

According to State and local WIN officials, the limited availability of Federal funding was a major factor in determining how many WIN registrants could be selected to participate. National WIN officials stated that, at previous funding levels, only about 40 percent of the WIN registrants could be served. Because of the recent reductions in funding, discussed in chapter 1, WIN officials said the number of AFDC recipients served will have to be further reduced. They estimated that proposed budget cutbacks for fiscal year 1982 will require closing several WIN offices; if this occurs, 750,000 families (or about 20 percent of the current adult AFDC population) will not have access to the WIN program because they will be too far from a local WIN office.

Several WIN officials said that, in addition to limited funding, the limited job market was also affecting registrant participation. About 40 percent of the State and 31 percent of the local WIN officials interviewed stated that the lack of jobs was a major factor limiting the number of registrants they selected to participate.

The result of the limited funding and job opportunities is that, at the end of fiscal year 1980, nearly half of the

1.6 million WIN registrants were classified as "unassigned." These individuals were not actively taking part in a program component and have no assurance they will ever be selected to do so.

To determine whether WIN could serve all AFDC recipients who register for the program, including those in the unassigned pool, WIN sponsored a 2-year demonstration project. The project, referred to as the Total Registrant Involvement Project, was conducted at sites in five States--Michigan, Texas, New Jersey, South Carolina, and Mississippi.

The January 1982 final report on the project indicates that, for sites involved in the project, local WIN staffs served a larger portion of WIN registrants than were served previously. The study showed that 21 percent and 27 percent more registrants were served in the first and second years of the study, respectively. It also showed that the number of those entering employment increased by 19 percent the first year and 32 percent the second. However, the study reported that the costs of the project increased by 27 percent the first year and 42 percent the second.

THE MOST EMPLOYABLE REGISTRANTS ARE SELECTED FOR WIN

Because the WIN program cannot serve all who register, local WIN staffs must determine who will be given the opportunity to participate. Generally, the program legislation and implementing guidelines, as well as the WIN funding formula, encourage WIN staff to direct their efforts toward those most likely to succeed. As a result, WIN registrants with less potential for employment are often not selected to participate.

Legislation authorizing the WIN program (42 U.S.C. 630) requires that the Secretary of Labor, in carrying out the program, accord priority to registrants in the following order, taking into account employability potential: (1) unemployed fathers; (2) mothers who volunteer; (3) other mothers and pregnant women under age 19; (4) dependent children and relatives age 16 or older and not in school, working, or in training; and (5) all other registrants. Specific criteria have not been prescribed for establishing registrants' employability potential. However, program guidelines suggest that, in determining employability potential, local WIN staffs consider various occupational and personal data, including age, educational background, work history, and motivation. WIN officials believe that the formula used to allocate WIN program moneys also influences decisions as to which registrants are selected to participate. Many believe that, since the formula is tied to program results, local WIN staffs must direct available program dollars to registrants most likely to succeed--the most employable--to maximize their share of funds.

States receive Federal funding for WIN under a formula that has mandatory and discretionary provisions. Under the mandatory provision, half of the Labor WIN employment and training funds are divided among the States according to their proportionate shares of WIN registrants. Under the discretionary provision, the remaining funds are divided among States using a complex formula which considers their prior year accomplishments, such as welfare grant reductions, numbers of registrants entering jobs, and wage rates and job retention rates of those entering employment. States use similar performance factors in allocating program funds to local WIN offices. (The distribution of WIN funds in fiscal year 1980 for each State is shown in app. IV.)

State and local officials agreed with the concept of a performance-based funding formula. However, they generally believe the formula results in emphasizing job entries rather than lasting employment. About 75 percent of the State and 78 percent of the local WIN officials interviewed said that, at least to some extent, the funding formula emphasizes the number of job entries rather than the quality of jobs obtained.

This emphasis on placements may be significantly influencing the extent to which local officials used immediate employability potential in selecting the AFDC recipients to participate in WIN. As indicated in the following table, about 70 percent of the local program officials we interviewed told us they based their selection of program participants substantially on the individual's employment potential.

Extent employability potential was used in selection	Percent of local response
Very great	43.2
Substantial	26.3
Moderate	18.6
Some	5.9
Little or no	5.9

As a result of this emphasis, registrants selected to participate in the WIN program generally possess characteristics that give them the greatest chance for employment.

Characteristics of individuals selected and not selected for WIN participation

Characteristics of those selected and not selected for WIN reflect the emphasis being given by local WIN staffs in determining employment potential. Factors cited by State and local WIN officials included prior work experience, education, and motivation.

Relatively limited information is available on the characteristics of registrants not selected to actively participate in the WIN program. However, a 1978 study commissioned by the national WIN office identified several characteristics of individuals in the pool of registrants not selected to take part in WIN. A comparison of certain characteristics of individuals in the 1978 study with characteristics of individuals selected to participate in the WIN program in 1980 tends to support the position of State and local WIN officials that those selected to participate had the most employability potential.

As shown in the following table, WIN registrants selected for WIN components tended to be at the prime working age (20-39), had a higher education level, and had prior work experience. Of those selected to participate, 73 percent of the males and 80 percent of the females were between the ages of 20 and 39; however, of those not selected, only 56 percent of the males and 61 percent of the females were in that age bracket. In addition, of those selected, 47 percent of the males and 56 percent of the females had at least a high school education, while only 34 percent of the males and females not selected had completed high school. Finally, only 4 percent of the males and 13 percent of the females selected for WIN had no prior work history; but 18 percent of the males and 44 percent of the females not selected had no prior work history.

Characteristics	1980 registrants selected for WIN				1978 registrants not selected for WIN			
	Male		Female		Male		Female	
	(percent)							
Sex	23		77		20		80	
Age:								
Under 20	7		7		19		5	
20-29	42	73	39	80	31	56	24	61
30-39	31		41		25		37	
Over 39	20		13		23		32	
Unknown	-		-		2		2	
Highest grade completed:								
0-11	53		44		62		59	
12	19	47	9	56	24	34	26	34
Over 12	28		47		10		8	
Unknown	-		-		4		7	
Prior work history:								
Yes	96		87		82		56	
No	4		13		18		44	

OF THOSE EMPLOYED,
MOST FOUND THEIR OWN JOBS;
ABOUT HALF SAID WIN HELPED

For fiscal year 1980, about 70 percent of the 204,474 WIN registrants who entered employment said they found their own jobs. About half of those who found employment said that being in the WIN program contributed to their finding employment.

WIN officials reported that, for 1980, about 277,000 WIN registrants entered employment expected to last over 30 days. About 86,000 (one-third) were reported as being placed in jobs as a direct result of WIN staff efforts. The other 191,000 (two-thirds) were reported by WIN officials as obtaining jobs on their own.

Results from our sample showed that about 70 percent of those entering employment found their own jobs. The following table shows how WIN registrants responded when asked how they obtained their jobs during fiscal year 1980.

How did you find job	Percentage of responses
Got a referral or help from WIN	24
Found it without help from WIN while in WIN	71
Found it without help from WIN while not in WIN	5

What part the WIN program played in motivating participants to seek employment on their own or to what extent participation in a WIN component helped them find employment is difficult to assess. However, some who found their own jobs actively participated in WIN program components. For example, about 23 percent of these individuals had received some classroom training while in WIN, 5 percent had been in a WIN on-the-job training program, 7 percent had participated in public service employment, and 6 percent had participated in a group job club, a WIN-sponsored activity. In addition, many individuals received social services, such as day care, transportation, medical assistance, and personal counseling. These individuals' success in finding their own job may have been influenced by their participation in the program.

On the other hand, many who found their own employment do not perceive their registering for WIN as contributing to their finding employment. As shown below, 71 percent of those who found their own jobs gave the WIN program little or no credit for their success in finding a job.

Extent that registering for WIN helped those who found their own employment	Percentage of responses
Very great	7
Substantial	6
Moderate	6
Some	10
Little or no	71

That WIN may have had only limited impact on WIN registrants who found their own jobs is further indicated by their responses to other questions directed at identifying their exposure to program activity, as shown in the following table.

Question	Percentage of responses		
	Yes	No	Cannot recall
When you first registered for WIN, did the WIN staff talk to you about how to look for a job?	46	47	7
When you first registered for WIN, did the WIN staff talk to you about a specific job opening?	28	69	3
Did the WIN staff ever refer you to the regular employment service office?	30	70	-
Did the WIN staff ever talk to you about a plan for what you would do in WIN?	31	59	10

As shown above, a substantial percentage of those who entered employment in fiscal year 1980 claim they were not given help in identifying a specific job or referred to the employment service. However, as indicated by the table on page 16, where we show that 24 percent received direct help from WIN in finding a job, and the data above on the extent WIN helped those who found their own jobs, about half of those obtaining employment believed that being in the WIN program was helpful.

CONCLUSIONS

Of approximately 4.1 million adults receiving AFDC in fiscal year 1980, about 40 percent registered for the WIN program and about half of these actually participated. In view of future budget cuts proposed for WIN, the program in its present form will probably never be able to help larger numbers of AFDC recipients prepare for and find jobs.

The formula used for allocating WIN program funds emphasizes placements. As a result, the selection of AFDC recipients for WIN generally emphasized choosing registrants who had immediate employment potential. Generally, those selected to participate in the WIN program were more likely to be at prime working age, have a high school education, and have prior work experience. These characteristics increased the likelihood that some would find work without substantial help from WIN. In fiscal year 1980, 71 percent of the WIN participants entering employment that lasted for more than 30 days stated that they found jobs on their own. However, about half of those entering employment said the WIN program was either directly or indirectly helpful.

As future budget cuts reduce the number of AFDC recipients served by WIN, the selection of participants will likely place even greater emphasis on their immediate employability potential. This could further reduce the chances that those with less employability potential will be served by WIN or WIN-type programs.

The results of our review of the WIN program offer some insights for future programs directed at the AFDC population, such as the workfare-type programs included in the 1981 Omnibus Budget Reconciliation Act. For example, many AFDC recipients selected to take part in existing programs have relatively high employability potential and succeed in finding their own jobs. These results suggest that, even without WIN-type assistance, many might be able to find employment on their own. In addition, many AFDC recipients who registered for WIN but were not selected to take part in existing programs--while possessing low employability potential for nonsubsidized jobs--could participate in proposed workfare-type programs. As shown in the chart on page 11, about 800,000 adults in fiscal year 1980 would have been available for this type of program.

Although proposed programs such as workfare may provide jobs for many AFDC recipients not now receiving help, many who are now served by the WIN program may still need assistance in finding meaningful employment. The extent to which the WIN demonstration projects can serve this need will depend on the resources allocated and the ability of such projects to help AFDC recipients become economically self-sufficient.

CHAPTER 3

MANY WIN PARTICIPANTS FOUND JOBS, BUT FEW ACHIEVED SELF-SUFFICIENCY

The objective of the WIN program is to move AFDC clients into productive work and ultimately off welfare. Many WIN participants did find jobs and reduced their welfare grants, but only a small percentage achieved self-sufficiency.

The objectives of the WIN program, as stated in the authorizing legislation (42 U.S.C. 630), are that:

> "* * * individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program * * * will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society * * *."

WIN officials reported that 277,000 (or about 36 percent) of the active WIN participants found jobs during fiscal year 1980. Our analysis of this group showed that most were able to reduce or eliminate their AFDC grants as a result of finding work. In interviewing these WIN participants 6 to 18 months later, we found that most were employed; however, many had lost their employment and were receiving full AFDC grants.

Further analysis of our sample of those who entered employment showed a statistically significant relationship between their earning levels, marital status, education level, number of children, years on AFDC, and age and their employment and AFDC status 6 to 18 months later. We did not find a statistically significant relationship between local unemployment rates, community size, or participation in a WIN training component and participant employment and AFDC status at the time of followup.

WIN PARTICIPANT ACHIEVEMENT OF SELF-SUFFICIENCY

Based on our sample, we estimate that, in fiscal year 1980, 204,000 WIN participants entered employment that lasted over

30 days. These individuals had a total of 232,000 jobs. 1/ As shown in the following table, 40 percent of these jobs enabled WIN participants to eliminate their AFDC grants, 48 percent resulted in reduced grants, and 11 percent required that WIN participants continue to receive full grants from AFDC despite entering employment.

Grant Status After Entering Employment

AFDC grant status	Number of jobs	Percent of jobs	Percent of jobs adjusted (note a)
Full	22,700	9.8	11.2
Partial	97,791	42.1	48.4
None	81,672	35.1	40.4
Subtotal	202,163		
Other	b/30,151	13.0	
Total	232,314	100.0	100.0

a/Excludes interviewees in other category described in note b.

b/Includes interviewees who did not respond to this question (1,392) and those not on AFDC when they entered employment in 1980 (28,759).

Based on later interviews with the same WIN participants (generally 6 to 18 months after they entered employment), we estimate that about 130,000 (or 64 percent) were working, but over 74,000 were not. As shown in the following table, about 78,000 (or 38 percent) were working and earning sufficient income to eliminate their AFDC grants. On the other hand, the number of WIN participants receiving full AFDC grants increased from 22,700 to about 48,800. We did not analyze the changed employment status for individuals to determine why these changes occurred.

1/In this section we use data compiled on the number of jobs WIN participants obtained (232,000) as well as the experiences and characteristics of the participants (204,000). Specifically, we use data compiled on jobs in determining participant grant status after entering employment and in analyzing the relationship of wage levels and participant grant status after entering employment and when later interviewed. The remaining analyses pertained to the individual WIN participants who entered employment in fiscal year 1980.

Grant Status at Time of GAO Interview

AFDC grant status	Working	Not working	Total	Total percent
Full	5,091	43,718	48,809	23.9
Partial	46,821	10,039	56,860	27.8
None	77,874	a/20,739	98,613	48.3
Subtotal	129,786	74,496	204,282	100.0
Unknown			192	
Total			204,474	

a/Some participants that were not working when interviewed were no longer receiving their AFDC grants for reasons other than economic self-sufficiency, such as marriage, child support payments, and benefits from other programs.

Further analysis of the grant status of WIN participants after they entered employment in fiscal year 1980 and at the time of our interviews 6 to 18 months later showed that those who got off AFDC tended to stay off but those who continued to receive their full AFDC grant after entering employment tended to lose their employment and continue their dependency on AFDC.

Of the 202,000 WIN participants who entered employment lasting 30 days or more who were on AFDC in fiscal year 1980, 40 percent of their jobs provided sufficient income to eliminate their AFDC grant. Our interviews with these WIN participants showed that 62 percent of them had maintained their employment and stayed off AFDC. Only 33 percent were not employed at the time of the interview.

In contrast, many of those who continued to receive their full AFDC grant after entering employment tended to lose their employment and continue on AFDC. Of the participants that continued to receive their full AFDC grants after entering employment in fiscal year 1980, 51 percent were not working when they were interviewed. Of those who were on partial grants after entering employment, at the time of our interview about half remained in the same status--working and receiving a partial AFDC grant. At the time of our interview, only 15 percent had increased their earnings and eliminated their AFDC grants, while 36 percent were not working and many of them were receiving full AFDC grants.

LOW-PAYING JOBS LIMIT SELF-SUFFICIENCY

The low wages often earned by WIN participants were a major factor in their inability to become self-sufficient. The average

weekly earnings of WIN participants entering employment in fiscal year 1980 reported by Labor were $155. However, our sample results showed many had earnings that were less than the minimum wage equivalent. As shown in the following table, about 77,000 (or 33 percent) of the jobs WIN participants entered in fiscal year 1980 paid less than $124 per week--the equivalent of a 40-hour week at the 1980 minimum wage of $3.10 per hour.

Weekly earnings	Number of jobs	Percentage of jobs
$64 or less	22,774	9.8
65 to $123	54,511	23.5
124 to 149	42,862	18.4
150 to 200	47,976	20.7
Over 200	30,549	13.1
Subtotal	198,672	
Unknown	33,642	14.5
Total	232,314	100.0

Whether an AFDC recipient continues to receive assistance after entering employment depends on not only the amount earned but also the extent of family needs and the maximum level of AFDC allowed by individual States. WIN participants who earned less than the minimum wage equivalent are more likely to remain on AFDC despite their employment and more likely to lose their employment status. As shown in the following table, we estimated that about 82 percent of the WIN participants earning less than $124 per week continued to receive AFDC assistance. In comparison, 47 percent of those earning more than the minimum wage continued to receive AFDC assistance.

Weekly earnings	Number of jobs	Grant status after entering employment			
		Full	Partial	No grant	Total
		(percent)			
Less than $124	77,282	19.8	62.3	17.9	100.0
$124 or more	121,390	6.1	40.8	53.1	100.0
Subtotal	198,672	11.4	49.2	39.4	100.0
Unknown	33,642				
Total	232,314				

In addition, when these WIN participants were interviewed 6 to 18 months later, of those earning less than $124 per week, only 21 percent had maintained their employment and were off AFDC compared to 48 percent of those earning $124 or more who continued working and were off AFDC.

Weekly earnings	Number of jobs	Grant status as of interview: Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Less than $124	82,001	21.3	35.4	35.6	7.7	100.0
$124 or more	146,040	47.6	19.5	22.0	10.9	100.0
Subtotal	228,041	38.1	25.2	26.9	9.8	100.0
Unknown	4,273					
Total	232,314					

OTHER FACTORS INFLUENCING SELF-SUFFICIENCY

Our analysis showed that 38 percent of the program participants entering employment in fiscal year 1980 were still working and were off AFDC when they were interviewed 6 to 18 months later. The other 62 percent were either not working or were working and receiving AFDC. To better understand the factors that may contribute to participant self-sufficiency, we compared various characteristics of WIN participants who (1) were employed and not receiving AFDC; (2) although employed, were receiving AFDC; and (3) in addition to being unemployed, were receiving AFDC.

We divided the factors in our analysis into three categories:

--Conditions related to geographic location.

--Personal characteristics.

--Participation in WIN training components.

For WIN participants who entered employment in fiscal year 1980, our analysis provided some indication of which factors have a statistical relationship with participant achievement of economic self-sufficiency. However, our analysis neither addresses the cause-effect relationship of these factors and the outcome of the WIN program nor measures the effectiveness of the services provided by the program. The statistical tests used in our analysis are described in appendix III.

Our analysis showed a statistically significant relationship between whether participants achieved economic self-sufficiency and certain personal characteristics. However, we found no significant relationships related to either conditions associated with geographic location or participation in specific WIN training components.

Geographic location of WIN participants

A factor which could be significant in whether WIN participants find and maintain employment that provides economic self-sufficiency was the size of communities and the local unemployment conditions. However, our analysis showed no significant patterns along these lines for those who were working and off AFDC compared to those who were not working or were working and receiving AFDC.

The national unemployment rate for fiscal year 1980 was 6.8 percent. For the 150 sites in our sample, 101 were in areas having unemployment rates above the national average and 49 were in areas with rates below the average. Of WIN participants entering employment in 1980, we estimate that 123,000 (or 60 percent) were from geographic areas with unemployment rates greater than the national average. However, a comparison of high and low unemployment areas and the number of WIN participants did not show a statistically significant relationship between unemployment levels and WIN participants' employment and AFDC status.

As shown in the following table, the proportion of WIN participants in low unemployment areas who were working and off AFDC was similar to those in the moderate and high unemployment areas. Of the 81,000 participants located in areas with unemployment rates below 6.8 percent, about 38 percent were working and off AFDC. In comparison, of the 57,000 participants in areas with unemployment rates between 6.9 and 8.8 and the 67,000 in areas with unemployment rates over 8.8, 39 percent and 37 percent, respectively, were working and off AFDC.

Unemployment rate	Total entering employment	Grant status as of interview				
		Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Under 6.8	81,071	38.1	25.9	28.4	7.7	100.0
6.9 to 8.8	56,643	39.2	24.1	22.3	14.4	100.0
Over 8.8	66,570	37.3	26.0	27.2	9.5	100.0
Subtotal	204,284	38.1	25.4	26.3	10.2	100.0
Unknown	190					
Total	204,474					

Our sample was divided into four strata by community size:

--40 large metropolitan areas (500,000 and over).

--35 medium metropolitan areas (100,000-499,999).

--40 medium size cities (10,000-99,999).

--35 small cities and towns (less than 10,000).

However, a comparison of the four strata did not show a statistically significant relationship between community size and participant unemployment and AFDC status. As shown in the following table, the proportion of WIN participants in two of the strata--large metropolitan areas and medium size cities--who were working and off AFDC was slightly higher than in the other two strata. However, this difference was not sufficient to establish a statistically significant relationship. (See app. III.)

Community size	Total entering employment	Grant status as of interview: Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Large metropolitan	108,261	36.9	29.2	25.5	8.3	100.0
Medium metropolitan	42,613	42.7	19.3	27.4	10.5	100.0
Medium size cities	43,506	35.5	22.3	27.2	15.1	100.0
Small cities and towns	9,903	43.0	23.7	26.4	6.9	100.0
Subtotal	204,283	38.1	25.4	26.3	10.2	100.0
Unknown	191					
Total	204,474					

Personal characteristics of WIN participants

Our analysis of WIN participants' personal characteristics showed statistically significant relationships between several characteristics and whether participants maintained their jobs and were off AFDC. We analyzed 11 variables--(1) marital status, (2) education level, (3) number of children, (4) years on AFDC, (5) age, (6) sex, (7) race, (8) work experience, (9) years of work experience, (10) two-parent household, and (11) total number in household--and their relationship with whether WIN participants maintained their jobs and were off AFDC. We found significant associations related to marital status, education level, number of

children, years on AFDC, and participant age. Our analysis, however, did not include such variables as work attitude, motivation, and initiative, which may play a significant role in whether participants maintained their employment and were off AFDC.

A statistically significant relationship existed between marital status and participant employment and AFDC status. As shown in the following table, the proportion of married WIN participants who were working and off AFDC was significantly higher than for those who were not married or were separated. We estimate that, of the 50,000 participants who were married, 50 percent were working and off AFDC. In comparison, of the 151,000 participants who were separated or not married, about 34 percent were working and off AFDC.

Marital status	Total entering employment	Grant status as of interview: Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Married	50,140	49.7	10.0	21.3	18.9	100.0
Not married or separated	151,173	33.7	30.9	27.9	7.4	100.0
Subtotal	201,313	37.7	25.7	26.3	10.3	100.0
Unknown	3,161					
Total	204,474					

A statistically significant relationship also existed between the education level completed and participant employment and AFDC status. As shown in the following table, the proportion of WIN participants who were working and off AFDC was significantly lower for those having an 8th grade education or less than for those having completed the 12th grade. Of the 26,000 participants who had completed an 8th grade education or less, 34 percent were working and off AFDC. In comparison, of the 112,000 participants who had completed at least the 12th grade, 44 percent were working and off AFDC.

Education level	Total entering employment	Grant status as of interview: Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Under 9th grade	25,653	34.4	16.6	42.5	6.5	100.0
9th - 11th grade	65,798	29.0	23.2	30.9	16.9	100.0
Completed at least 12th grade	112,464	44.2	28.7	20.0	7.1	100.0
Subtotal	203,915	38.1	25.4	26.4	10.2	100.0
Unknown	559					
Total	204,474					

We also found a statistically significant relationship between the number of children in the WIN participant's residence and whether the participant was working and off AFDC, working but receiving AFDC, and not working and receiving AFDC. As shown in the following table, the proportion of WIN participants who were working and off AFDC is much higher for those with less than four children in the residence than for those with four or more children. We estimate that, of the approximately 88,000 participants with no more than one child, about 39 percent were working and off AFDC. In comparison, of participants with four or more children, about 29 percent were working and off AFDC.

Number of children	Total entering employment	Grant status as of interview: Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
0-1	87,846	38.9	21.7	25.0	14.3	100.0
2-3	91,614	39.9	24.5	27.1	8.5	100.0
4 or more	24,825	28.5	42.1	27.9	1.5	100.0
Subtotal	204,285	38.1	25.4	26.3	10.2	100.0
Unknown	189					
Total	204,474					

In addition, a statistically significant relationship existed between the number of years on AFDC and participant employment and AFDC status. As shown in the following table, the proportion of WIN participants who were working and off AFDC was significantly higher for those with a year or less on AFDC than for those with more than a year on AFDC. We estimate that, of the 58,000 participants who had been on AFDC for a year or less, 57 percent were working and off AFDC. In comparison, of participants who had been on AFDC for 2 to 3 years, 4 to 5 years, and over 5 years, the proportion who were working and off AFDC declined as the years on AFDC increased--to 39 percent, 32 percent, and 25 percent, respectively.

Years on AFDC	Total entering employment	Grant status as of interview				
		Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
0-1	57,745	56.8	9.4	14.3	19.4	100.0
2-3	47,302	39.3	28.6	26.2	5.9	100.0
4-5	23,915	32.3	21.2	38.5	8.1	100.0
Over 5	73,520	25.1	37.7	30.7	6.5	100.0
Subtotal	202,482	38.3	25.5	25.9	10.2	100.0
Unknown	1,992					
Total	204,474					

Our analysis also showed a statistically significant relationship between participant age and participant employment and AFDC status. As shown in the following table, the proportion of WIN participants who were working and off AFDC was greater for those age 25 years or younger than for those who were over 25. For example, of the approximately 59,000 participants who were ages 20 to 25, 43 percent were working and off AFDC. In comparison, of the 131,000 participants over 25 years of age, 36 percent were working and off AFDC.

Age	Total entering employment	Grant status as of interview				
		Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Under 20	14,220	41.1	17.1	19.1	22.7	100.0
20 to 25	58,705	42.8	23.4	24.6	9.2	100.0
Over 25	131,360	35.6	37.2	27.9	9.2	100.0
Subtotal	204,285	38.1	25.4	26.3	10.2	100.0
Unknown	189					
Total	204,474					

Participation in WIN training components

As discussed in chapter 2, about half of WIN registrants who entered employment lasting 30 days or more in fiscal year 1980 claimed that WIN provided little or no assistance. This claim was made although many registrants participated in specific WIN training components, such as work experience, institutional training, on-the-job training, public service employment, or job clubs. Our analysis found no statistically significant relationship between participation in various types of WIN training components and employment and AFDC status at the time of followup. It should be noted that other WIN services, such as transportation and day care, were available to WIN participants regardless of whether they were in a WIN training component. This report, however, does not analyze the relationship of these services to employment and AFDC status.

Those entering employment who participated in WIN training components and those who did not had similar demographic characteristics in terms of age, education level, marital status, number of children, years of work experience, and years on AFDC. Their grant status at the time of our interviews was not much different from those who had not participated. As shown in the following table, of the WIN registrants who had participated in a training component, about 42 percent were working and off AFDC, compared to 36 percent of those who had not participated. This difference was not sufficient to establish a statistically significant relationship. Similarly, the difference in the percentage of WIN participants working and off AFDC who had participated in public service employment (47 percent) and those who had not been in any training component (36 percent), while fairly large, was not sufficient to establish a statistically significant relationship. (See app. III.)

WIN training components	Total entering employment	Grant status as of interview				
		Working off AFDC	Working on AFDC	Not working on AFDC	Not working off AFDC	Total
		(percent)				
Institutional training	48,012	40.1	28.4	21.8	9.7	100.0
Work experience	8,720	39.5	29.1	19.9	11.4	100.0
On-the-job training	17,793	37.0	23.7	29.2	10.1	100.0
Job club	17,316	42.3	24.1	27.8	5.9	100.0
Public service employment	18,577	47.2	21.3	28.7	2.7	100.0
Any component	a/83,121	41.8	27.0	22.6	8.6	100.0
Did not participate in a training component	121,163	35.6	24.3	28.9	11.2	100.0
Subtotal	204,284	38.1	25.4	26.3	10.2	100.0
Unknown	190					
Total	204,474					

a/Subtotal does not add because WIN participants may have been in more than one training component.

CONCLUSIONS

Despite entering employment, many WIN participants do not earn sufficient income to become economically independent of AFDC. Of WIN participants receiving AFDC who entered employment lasting 30 days or more in fiscal year 1980, about 40 percent took jobs that provided sufficient income for them to drop their AFDC grant.

A closer look at those who entered employment in 1980 showed a significant contrast in results. Those who earned sufficient wages to get off AFDC generally seemed to maintain their employment and stay off AFDC. On the other hand, those who continued to receive full AFDC grants after entering employment generally tended to lose their employment.

Our analysis also showed a statistically significant relationship between personal characteristics--earning levels, marital status, education level, number of children, years on AFDC, and age--and whether WIN participants were able to maintain their employment and stay off AFDC. That is, WIN participants who were

married, were better educated, had fewer children, had fewer years on AFDC, and were younger had a greater likelihood of sustaining their employment and getting off AFDC than did other WIN participants. However, no statistically significant relationship was found between conditions associated with geographic location, such as unemployment rates and community size, or participation in WIN training components and participant employment and AFDC status at the time of followup.

These findings raise questions about what can be done to help AFDC recipients achieve economic self-sufficiency and what role social services played in assisting WIN participants in finding employment. Answers need to be found to these questions if the WIN program and other employment training programs for AFDC recipients are to effectively reduce welfare dependency.

Further analysis of our data base should help provide insight into the type of assistance AFDC recipients need and the approaches that may have the greatest potential for helping them become economically self-sufficient.

CHAPTER 4

WIN'S ACCOMPLISHMENTS OVERSTATED

In addition to helping program participants achieve economic self-sufficiency, the WIN program is intended to reduce the cost of AFDC. The Congress has repeatedly expressed interest in the amount of AFDC grant reductions accomplished through WIN. As recently as the 1982 House Appropriation hearings on WIN, the annualized welfare grant reductions resulting from employment of WIN registrants compared to program costs were cited as a key indicator of WIN performance. Each year WIN officials report the welfare grant reductions related to WIN as continued justification for the program. For fiscal years 1979, 1980, and 1981, the reported welfare grant reductions were $599 million, $632 million, and $760 million, respectively.

However, the WIN welfare grant reduction calculation overstates WIN savings by $200 to $300 million. That calculation is based on the number of WIN participants entering employment and the annualization of the monthly reduction in welfare grants for those participants. But the results of our nationwide analysis of the WIN program showed that WIN officials double count participant placements when the same person has more than one job in a year. In addition, the annualization of welfare savings resulted in an overstatement because of the use of an unrealistic retention level. Further, WIN claims of welfare savings do not differentiate the savings that result from WIN placements from those that result from individuals finding their own jobs.

WIN METHOD OF CALCULATING WELFARE GRANT REDUCTIONS

Each year, WIN officials calculate the dollar value of welfare grant reductions resulting from WIN registrants entering employment to be included in their annual appropriation justification. In fiscal year 1980, the annualized welfare grant reductions were calculated at $632 million.

This calculation considers three elements: (1) the amount of grant reductions reported for participants who entered employment, (2) the number of people who entered employment, and (3) the percentage of participants who remain employed after 30 days. The following table shows the fiscal year 1980 calculation.

Calculation of Welfare Grant Reductions

Steps	FY 1980 calculation	
--After a participant obtains a job, the State agency calculates the grant reduction by subtracting the new grant amount from the previous amount. This results in the monthly grant reduction for each individual.	Original grant	$500
	New grant	-150
	Grant reduction	$350
--The State agency adds all the monthly individual grant reductions and reports the State total to the national WIN office. National WIN officials combine all the State totals to arrive at the national monthly grant reduction.	Monthly grant reduction	$60.7 million
--To determine the total grant reductions for 1 year, the monthly amount is multiplied by 12.	Annual grant reduction	X12 $728.4 million
--Because most participants do not remain employed or off welfare for the entire 12 months, the annual grant reduction is adjusted using the national 30-day retention rate. The retention rate is the percentage of participants still employed after 30 days. In fiscal year 1980 the WIN program used an 86.8-percent retention rate.		X 86.8%
	Estimated welfare grant reductions	$632 million

This calculation does not include the estimated savings in the cost of Medicaid and food stamps related to helping WIN participants get off AFDC. National WIN officials do not require local officials to include these costs as a part of their calculation of welfare savings generated by the program because the methods used to determine such savings would be more difficult to measure and less reliable than the method used to calculate the welfare grant reduction. However, national WIN officials calculate and include in their presentations to the Congress estimates

of food stamp and Medicaid cost reductions for WIN participants who enter employment. In the 1982 House Appropriation hearings and in their annual report to the Congress, WIN officials have reported Medicaid savings of about $203 million and food stamp savings of $131 million for fiscal year 1980. These savings would increase the reported welfare reductions attributable to the WIN program to $966 million.

WIN REPORTS OF WELFARE GRANT REDUCTIONS ARE MISLEADING

In determining program accomplishments, WIN officials have used a computation technique which overstated the welfare grant reductions resulting from the WIN program. First, the WIN calculation of grant reductions counts each job a WIN participant has during the year as a separate case and accrues the annual welfare grant reduction to each job, resulting in a double counting of savings. Second, monthly grant reductions were annualized using an 86-percent job retention level based on a 30-day followup. However, our sample showed that, after 6 months, which we believe to be a more realistic time frame than 30 days, about 46 percent of the participants had retained their original employment. In addition, estimated savings for food stamps and Medicaid resulting from WIN participants entering employment were overstated.

WIN method of counting placements

The first part of the welfare grant reduction calculation is determining the individual monthly grant reductions and totaling the reductions for all WIN participants who entered employment. Local WIN officials in each State are required to use the same general method of counting the number of participants who entered employment. First, local officials record each participant as he or she enters employment. Then local officials generally contact the participant 30 days later to determine if he or she still is employed. After the 30-day contact, local WIN officials generally do not track that individual, and he or she is assumed to still be working.

Local officials count each participant entering employment as a new case. As a result, participants who enter employment more than once in the same year may be counted two or more times in determining grant reductions. For example, a WIN participant at one of the sites we visited stated that, while in the program, he had obtained three jobs during fiscal year 1980. Local WIN officials claimed grant reductions for each job this individual obtained. As a result, the number of WIN participants employed was overstated, and two extra grant reductions were included in the national totals for that year.

This example is not an isolated case. Most local officials in our sample substantiated that the current practice is to count each job lasting over 30 days. Although State WIN officials agreed that the practice results in double counting and an overstatement of grant reductions, most said they do not require local officials to adjust these counts.

Our assessment of WIN participants entering employment in fiscal year 1980 showed that local WIN staffs double counted about 13 percent of the jobs claimed, which resulted in an overstatement of about 28,000 cases, as shown below.

Number of WIN Participants
Entering Employment in FY 1980

Number of jobs in a year	Participants	Percentage
One job	177,574	86.9
Second job	25,503	12.5
Third job	1,239	.6
Unknown	158	-
Total	204,474	100.0

Eliminating the 13 percent from the monthly grant reductions claimed by the WIN program for fiscal year 1980 would reduce the monthly totals from $60.7 million to $52.75 million and the annual grant reductions from $632 million to about $550 million.

Welfare savings based on unrealistic annualization of grant reductions

To determine the amount of welfare grant reductions attributable to WIN for an entire year, WIN officials annualize the monthly grant reductions by multiplying the monthly totals by 12 and then applying the 30-day retention level, which in fiscal year 1980 was about 86 percent. This calculation converts the monthly grant reductions into an estimated annual grant reduction for that year. For fiscal year 1980, WIN officials took the $60.7 million monthly grant reduction, multiplied it by 12, and then applied an 86.8-percent retention rate to arrive at a yearly grant reduction total of $632 million.

In recent years, WIN officials have questioned the credibility of using a 30-day retention level in lieu of a 3-month, 6-month, or 12-month rate. To determine what the retention levels would be for the 3-month, 6-month, and 12-month periods, WIN contracted with Great Lakes Research for a survey. The Great Lakes Research group began the "WIN Extended Follow-up Study" on October 1, 1978.

For a 1-year period, in addition to the routine 30-day followup, followup contacts were made at the 3-month, 6-month, and 12-month intervals. The survey showed that after 30 days 81 percent of the participants were working; but after 6 months about 68 percent were working, and at 12 months 67 percent were working.

As shown in the following comparison, our sample of participants in fiscal year 1980 showed a similar decline in job retention. Our analysis showed a retention level after 30 days of 82.5 percent. Our analysis of participants employed for longer periods showed a considerable decline from 64.1 percent at a 3-month interval to 46.0 percent at a 6-month interval. 1/

Comparison of WIN Survey and GAO Sample Retention Rates

	Periods of employment		
	30 days	3 months	6 months (note a)
WIN study retention level	81.0	73.1	68.0
GAO sample retention level	82.5	64.1	46.0

a/The cause of the difference between the WIN study and our sample results after 6 months is related to the difference in the data gathered. The Great Lakes Research study is based on the employment status at the time of the followup call, while our data are based on the length of retention of jobs held by WIN participants. When the Great Lakes Research group further analyzed their data, they found job retention levels similar to ours--45.9 percent for 6 months.

The Great Lakes Research reported that most of the employment loss had occurred by the third month; thus, the drop in the retention level from the third to the sixth month was slight. The study concluded that a conservative 6-month level in WIN calculations of annual grant reductions would be almost as high as the 3-month level. The study further concluded that the 6-month time frame was considered conceptually the best one-point measure for annualization purposes.

As shown in the following table, if the reported welfare grant reduction for fiscal year 1980 is adjusted for double counting and the 6-month retention level from our sample of participants, the

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1/At the time of our interviews, many working participants had not had an opportunity to work for 12 months. Therefore, we did not compute a 12-month retention level for our sample.

resulting welfare grant reductions related to WIN would be $313 million ($319 million less than reported by WIN officials). As discussed above, the Great Lakes Research study data show the percentage of people employed at a given time. Assuming that employment at a time is an indicator of the percentage of WIN participants who retained employment and the potential welfare grant reduction, using the Great Lakes Research study data would result in an adjusted welfare grant reduction of about $430 million.

Fiscal Year 1980 Welfare Grant Reductions
Based on 30-day and 6-month Retention Levels

	WIN reported grant reductions	Adjusted grant reductions (note a)	GAO adjusted grant reductions
	(millions)		
Monthly grant reductions reported by WIN	$60.70	$60.70	$60.70
Less double counting	-	7.95	7.95
	60.70	52.75	52.75
Annualization	x 12	x 12	x 12
	728.40	633.00	633.00
Retention level adjustment:			
30-day level used by WIN	86.8	-	-
6-month level found by Great Lakes Research	-	68.0	-
6-month level used by GAO	-	-	b/49.5
Yearly grant reductions	$632.2	$430.4	$313.4

a/Based on Great Lakes Research unemployment level.

b/The 6-month level used by GAO takes into account the 46-percent job retention level found in our sample plus an adjustment for possible savings that could accrue to 13 percent of the participants that had more than one job. See appendix VII for how the adjusted retention level was determined.

Although following up with every participant 6 months after entering into employment may not be practical for local WIN officials, selecting a random sample of participants for followup could accomplish the same result at a reasonable cost.

Estimates of other welfare savings related to WIN are also misleading

WIN officials have reported to the Congress substantial welfare savings related to reduced food stamp and Medicaid costs from WIN participants entering employment. For fiscal year 1980, WIN officials claimed food stamp savings of $131 million and Medicaid savings of about $203 million. We estimate that these savings claims were overstated by $59 million and $26 million, respectively.

The food stamp savings computation is based on a 1975 study by the national and regional WIN staff. The study showed that food stamp costs were reduced by about 23 percent of the amount claimed for the WIN grant reductions. The food stamp savings reported by WIN are determined by applying this factor to the total WIN annual welfare grant reductions. For fiscal year 1980, based on our estimated grant reductions, we estimate that the food stamp savings resulting from WIN participants entering employment should have been $72 million (23 percent of $313 million).

The national WIN office also reports savings in Medicaid costs related to employment of WIN participants. This savings is based on the average Medicaid cost per AFDC case, which was $1,464 in fiscal year 1980. WIN officials estimated the Medicaid savings related to WIN by applying this average cost to those who no longer received an AFDC grant after entering employment (139,000 individuals x $1,464 = $203 million). As discussed earlier, however, WIN officials' estimate of the number of participants entering employment in fiscal year 1980 included a 13-percent overstatement because of double counting. If the double counting were eliminated from the calculation, we believe the Medicaid savings attributable to WIN would be $177 million (121,000 x $1,464 = $177 million)--about $26 million less than WIN reported.

IMPACT OF SELF-PLACEMENTS ON WIN SAVINGS CLAIMS NOT REPORTED

As discussed earlier, our sample results showed that 70 percent of the WIN participants who entered unsubsidized employment in fiscal year 1980 reported that they found their own jobs. What part the WIN program played in motivating participants to seek employment on their own or to what extent participation in a WIN training component or the receipt of social services helped them find employment is difficult to assess. However, in reporting

savings for fiscal year 1980, WIN program officials did not distinguish between savings related to those placed by WIN and those who found their own jobs.

As a result of WIN's reporting practices, the Congress does not have a clear picture of the savings attributable to the program. Separating the reported savings figures into two parts, as shown below, would give the Congress a more realistic picture of the program's accomplishments.

WIN Placements vs. Self-Placements

Total grant reductions	$313 million
Grant reductions from WIN participant self-placements (70% of $313 million)	-222 million
Grant reductions from WIN placements	$ 91 million

CONCLUSIONS AND RECOMMENDATIONS

Welfare savings in the form of AFDC grant reductions is a key measure of WIN performance used by the Congress in assessing the program. However, the method WIN officials use in calculating welfare savings overstates program accomplishments, which may be misleading. The WIN savings estimates

--included double counting of participants who entered into more than one job in a year,

--used a 30-day retention level of 86.8 percent in annualizing savings, and

--counted all participants who entered employment regardless of whether they were WIN placements or participant self-placements.

As a result of these practices, WIN welfare grant reductions were overstated by $200 to $300 million for fiscal year 1980, and reports of welfare grant reductions do not differentiate between WIN placements and participant self-placements.

We recommend that the Secretary of Labor and the Secretary of HHS direct WIN program officials to modify the process used by WIN officials for calculating welfare grant reductions to:

--Eliminate the double counting of participants who enter into more than one job in a year.

--Use a more realistic retention level, such as the 6-month level, in annualizing the savings.

--Identify the welfare savings related to WIN placements separately from the savings resulting from participants' self-placements.

AGENCY COMMENTS

Labor's and HHS' comments on a draft of this report are included as appendixes VIII and IX, respectively. HHS deferred comments to Labor, which concurred in our recommendations for modifying the WIN welfare grant reduction calculation process. Labor also acknowledged that the WIN program has not entirely met or achieved all of its objectives and that the administration proposes for fiscal year 1983 to replace the program with a combination of

--mandatory Community Work Experience Programs, now optional;

--training activities authorized under the Job Training Act of 1982;

--human services block grants; and

--other block grants.

In view of the planned phaseout of the WIN program, Labor said it is not planning to implement the recommendations.

We believe the Secretaries of Labor and HHS should consider the recommendations in establishing the reporting requirements for any program which replaces the WIN program. If WIN is continued beyond this year, the recommendations should be implemented.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our nationwide assessment of the WIN program were to determine:

--What portion of the AFDC population receives assistance from WIN.

--What percentage of WIN participants achieve self-sufficiency.

--Whether WIN program performance goals are being achieved.

--What mix of services is being provided to WIN participants and to what extent those services and other factors (such as participant characteristics, local economic conditions, and community type and size) are associated with participant outcomes.

Our review was not intended to determine what would happen to AFDC recipients if they had not participated in the WIN program. Nor does the scope of our effort permit conclusions about particular State or local programs. Our review does, however, provide information to better understand the experience of participants both during and after participation in the WIN program. It therefore provides a basis for exploring specific approaches and alternatives which can improve the process for helping AFDC recipients find employment.

To meet our objectives, we gathered information from various sources:

--Interviews with national and regional WIN officials, local and State WIN and welfare officials, and a national sample of WIN participants.

--WIN and welfare case records.

--Program performance data compiled by Labor.

--Discussions with researchers currently or previously involved in evaluations of aspects of the WIN program.

--Other research papers and reports on the WIN program or specific aspects of it.

Although all of these sources were used to some degree, the primary emphasis was on information obtained from program participants and State and local officials who administer the WIN program.

To assure that the participants included in our analysis were representative of all WIN participants across the Nation who entered an active WIN component in fiscal year 1980, we selected our sample participants in two stages. First, we stratified the 1,072 WIN offices identified by Labor according to four community sizes. From each of these strata we randomly selected 35 or 40 WIN offices, as shown below.

Community category	Population	Universe	Sample size
Large metropolitan areas	500,000 and over	297	40
Medium metropolitan areas	100,000 - 499,999	207	35
Medium size cities	10,000 - 99,999	324	40
Small cities and towns	less than 10,000	244	35
Total		1,072	150

In the second stage, we randomly selected two samples of WIN participants at each of these 150 WIN offices. These samples consisted of (1) those that had entered into employment in fiscal year 1980 and (2) those that had enrolled in a service component in fiscal year 1980. The number of individuals to be interviewed in each of the two samples is shown below.

Program component	Typical office sample size	Total sample size
Sample 1		
Entered employment	8	1,215
Sample 2		
1. Institutional training	2	213
2. Subsidized employment	2	300
3. Intensive employability service	2	256
4. Other (waiting for placement in employment or another component)	2	245
Total sample 2	8	1,014

Sample participants were selected from lists prepared by State or local WIN officials of all the participants who had been identified as having entered employment or a specific service component in fiscal year 1980. Because the size of components in local WIN offices varied considerably, each participant interview was weighted

based on the number of participants in each component from each office. Each interview was weighted a second time to reflect the community population category or strata from which it was drawn.

For example, in a large metropolitan office with 2,226 participants in the entered employment component, each of our 8 interviews received a weight of 278.25 (2,226 divided by 8). These weighted interviews were weighted by a second factor of 7.425 to reflect the large metropolitan area from which these participants were sampled. The weighting factor of 7.425 was developed by dividing the number of WIN offices in large metropolitan areas by the number of offices from that area in our sample (297 divided by 40). This weighting process assured that the results of our interviews would be statistically projectable and representative of all WIN participants nationwide.

Using the number of entries on the lists provided by either State or local WIN officials, we estimate that 1.16 million names were on the lists. We checked for duplicate names and social security numbers within each component's list and used the unduplicated lists to select the sample participants. We estimate that nationwide there would have been 1.04 million names.

We selected at least eight individuals from the entered employment component and at least two each from the other four components. Replacements were selected when the same person was selected in more than one category. To avoid interviewing the same person twice, we gave priority to the entered employment component followed in order by the other four components. For example, if a participant selected in our sample appeared in both the samples for categories 2 and 4, the participant was used for category 2 and a replacement for category 4. We then checked the sample for each of the five components against the universe of each of the remaining four and recorded the components in which the selected participant was included.

We estimate that there were about 800,000 unique individuals in our universe. The table below shows by component the number of unique individuals.

Component	Number	Sampling error (+ or -)
Entered employment	231,504	25,632
Institutional training	20,254	4,069
Subsidized employment	117,179	31,364
Intensive employability service	154,884	24,213
Other	268,491	48,135
Total	792,312	67,531

When participants selected for interviews were not available--could not be readily contacted, had moved away, or were unwilling to be interviewed--replacements were randomly selected from the same category. Before a replacement could be made, however, our interview staff had to satisfy one of the following criteria:

1. The person had no phone, and contacts by the WIN office could not be made readily.

2. The person was contacted but refused to be interviewed.

3. Someone other than the participant was reached, and they indicated that the participant was out of town and would not be back until after we had left the site.

4. The interviewer called the participant at least four times during the day and received no answer and then called back the following day and still received no answer.

During the interview process, we identified 732 people who could not be contacted or refused to be interviewed. To assess whether these nonrespondents differed from the persons we interviewed, we obtained characteristic and participation data from the files of 92 managing units for 176 nonrespondents.

To analyze the differences between respondents and nonrespondents on the selected variables discussed in appendix I, we used a t test 1/ to determine whether the differences were significant. For the differences to be significant at the 0.05 level, the computed t value must be less than -1.96 or greater than +1.96. Our t values for the differences between respondents and nonrespondents for sex was -1.48 for males and +1.48 for females; therefore, the differences were not significant. The table below shows the computed t value for variables considered in our analysis. Since our analysis showed that none of the t values were significant, we concluded that respondents and nonrespondents had similar characteristics.

1/The t test is similar to the F test but is used to compare two groups for statistical differences. (See footnote, p. 53.)

	Nonrespondents	Respondents	t value
Sex:			
Male	39.2	23.6	-1.48
Female	60.2	76.4	+1.48
Age at WIN registration:			
Under 20	7.3	8.6	1.123
20-29	49.4	45.2	-0.468
30-39	30.6	34.1	0.831
40-49	7.3	10.0	-0.689
50+	2.8	2.0	-0.237
Race:			
White	67.0	65.0	1.108
Black	18.8	23.9	-1.223
Hispanic	9.7	8.3	-0.134
Other	2.8	2.6	0.302
Highest grade completed:			
Under 6	1.1	1.7	-0.203
6-11	42.0	42.6	-0.481
12	42.0	43.3	0.049
13+	12.5	12.4	1.089
Marital status:			
Single	21.6	23.1	0.279
Married	32.4	24.7	-1.477
Divorced	21.0	31.6	1.710
Number in household:			
1-3	48.4	54.6	0.040
4-6	48.6	38.7	0.226
7-9	3.0	6.5	0.582
Work experience:			
Yes	6.3	6.9	1.405
No	92.0	93.0	-1.287
Institutional training:			
Yes	27.3	35.6	1.299
No	71.0	64.4	-1.268
On-the-job training:			
Yes	8.0	11.5	1.014
No	90.3	88.2	-0.605
Public service employment:			
Yes	9.1	13.5	1.555
No	89.2	86.4	-0.981
Job seek club:			
Yes	14.2	10.4	-1.571
No	84.1	89.4	1.574

The detailed information obtained on each WIN participant selected for review was drawn from both case records and individual interviews. These two sources produced a data base containing a history of each participant from the time of WIN registration (as early as 1972) to the time of our interviews (March through June 1981).

Data collected from the case records included demographic information, such as age, sex, race, marital status, education, and household composition; registration data; information on training and social services received from WIN; and information on changes in welfare payments.

The individual interviews were used to confirm data collected from the case record and to obtain information on work experience before and after WIN. In the infrequent situations when discrepancies existed between the information obtained by interview and from the case file, the interviewers explored these discrepancies during the interview and judged which data source was more accurate.

In addition to gathering this background information data on participants, we asked them about their individual experiences with the WIN program, including what happened to them when they registered, what types of services they received, and what jobs they obtained with the program's assistance. Specifically, we asked them about their involvement in various WIN components, such as "work experience," institutional training, on-the-job training, and public service employment. We also gathered data on the jobs they obtained as a result of participating in these programs and on employment obtained without WIN assistance. We also asked about support services, such as child care, transportation, medical and dental services, and personal counseling.

In addition to obtaining data from a representative cross-section of WIN participants, our stratified sampling approach assured that these participants were drawn from a representative cross-section of WIN offices and communities. The information obtained at each of the 150 locations in our sample showed not only a broad range of sizes and types of communities, but also a wide variety of economic conditions (such as unemployment rates) and differences in the structure and operation of local WIN offices.

A general profile of these local offices shows:

1. Unemployment rate

Number of offices above the national average - 101
Number of offices below the national average - 49

2. Type of areas served by the local offices

Urban	20
Urban/suburban	17
Suburban	2
Suburban/rural	26
Rural	55
Any combination of above	30
Total	150

LOCAL WIN AND WELFARE OFFICIALS

In addition to the data collected from program participants, we gathered information from local WIN and welfare officials on how the WIN program was being implemented in each of the 150 locations. The information obtained through these interviews included background and demographic data on the type of community being served, economic conditions, and the organization of the local WIN office. Information was also obtained on the training and use of staff working on the WIN program, involvement of State WIN officials in job training, administrative costs, selection of registrants to receive services, sanctions used against unwilling participants, and the program's relationship to CETA. Local officials were asked to comment on program benefits and services and the extent to which participants were assisted by WIN officials in finding and maintaining employment. Finally, we also sought local officials' opinions on the performance of the WIN program, including welfare savings, retention rates, and placements.

STATE WIN AND WELFARE OFFICIALS

State WIN and welfare officials were interviewed in each of the 40 States in which the local WIN offices in our sample were located. In addition to providing background information on the State WIN and welfare offices and how they were organized, State officials commented on the process of allocating WIN funds to local offices, the procedure for estimating welfare savings, and other suggestions for improving WIN program results.

APPENDIX I

WIN REGIONAL AND
HEADQUARTERS OFFICIALS

WIN regional and headquarters officials were also interviewed concerning the WIN program. The information sought centered on the process for allocating WIN funds to States, procedures for estimating welfare savings, and ways of improving WIN program results. From WIN headquarters officials, we also obtained information on several ongoing or recently completed research efforts addressing WIN program issues.

APPENDIX II

SELECTED WIN OFFICES BY STATE

1. Alabama

   Birmingham
   Albertville
   Sylacauga

2. Florida

   Miami
   Winter Park
   Tampa
   Tallahassee
   Fort Pierce

3. Georgia

   Columbus
   Brunswick
   Rossville

4. South Carolina

   Charleston
   Clinton

5. Tennessee

   Memphis
   Chattanooga
   Knoxville

6. Illinois

   Chicago-a
   Chicago-b
   Rockford

7. Minnesota

   Anoka
   St. Cloud
   Hibbing
   Winoma
   Redwing
   Owatonna
   Grand Rapids

8. Wisconsin

   West Bend
   Kenosha
   Racine
   Fond du lac
   Balsam Lake
   Mauston
   Portage

9. Louisiana

   Lake Charles

10. Mississippi

    McComb
    Meridian

11. New Mexico

    Albuquerque
    Las Cruces

12. Oklahoma

    Poteau

13. Texas

    San Antonio
    Harlingen
    Austin

14. Colorado

    Boulder
    La Junta
    Cortez
    Delta
    Glenwood Springs

15. Montana

    Browning

APPENDIX II

16. South Dakota

Huron
Spearfish

17. Wyoming

Laramie
Worland

18. Utah

Layton
St. George

19. Michigan

St. Johns
Lansing
Alpena
Marquette
Big Rapids
Midland
Harrisville
Munising
Bellaire
Cheboygan
Harrison
Mohawk
Suttons Bay
White Cloud
Gaylord

20. Ohio

Dayton
Toledo
Batavia
Eaton
Hamilton
St. Marys
Mansfield
Alliance
Wilmington
Jackson
New Lexington
Marysville
Upper Sandusky

21. Indiana

Indianapolis
Tipton
Peru
Frankfort
Vincennes

22. Iowa

Waterloo
Sioux City
Burlington

23. Kansas

Wichita
Manhattan

24. Missouri

Kansas City
St. Joseph
Springfield
Sikeston
Columbia

25. California

Oceanside
El Monte
Los Angeles
Norwalk
San Rafael
Garden Grove
West Sacremento
Delano
Santa Marie
Visalia
El Centro

26. Arizona

Mesa
Phoenix

27. Nevada

Carson City
Fallon

APPENDIX II

28. Maine

Lewiston

29. New Hampshire

Concord

30. New Jersey

Camden
Asbury Park
Lakewood

31. New York

Brooklyn
Troy
Buffalo

32. Pennsylvania

Chester
Greensburg
Harrisburg
Lancaster

33. Rhode Island

Wakefield

34. Vermont

St. Johnsbury

35. Kentucky

Winchester
Henderson
Glasgow
Hazard

36. North Carolina

Gastonia
Rocky Mount
Wilson
Greenville
Lincolnton
Waynesville

37. Virginia

Chesapeake
Roanoke
Petersburg

38. West Virginia

Fairmont
Weston
Clarksburg

39. Oregon

Gresham
Hillsboro
Roseburg
The Dalles
Baker
Lebanon

40. Washington

Seattle-a
Seattle-b

STATISTICAL METHODOLOGY

Our sampling plan was designed to provide a sample size which would yield an expected absolute sampling error of not greater than 8 percent on a response by 50 percent of the population (at the 95-percent confidence level). However, the actual sampling error on any particular response estimate depends on the percentage of WIN participants giving this response and the percentage not responding within each WIN office.

To show the reader the actual size of the sampling errors, an example of individual sampling errors was calculated. The upper and lower limits of these estimates shown below were calculated using the appropriate statistical formulations.

Grant Status at Time of GAO Interview

AFDC grant status	Estimate	Standard error (+ -)	Percent of total	Estimated range of universe at the 95% confidence level
Working:				
Full	5,091	3,166	1.5	1,925 to 8,257
Partial	46,821	12,343	6.0	34,478 to 59,164
None	77,874	11,686	5.7	66,188 to 89,560
Not Working:				
Full	43,718	8,770	4.3	34,948 to 52,488
Partial	10,039	4,534	2.2	5,505 to 14,573
None	20,739	6,645	3.2	14,094 to 27,384
Total:				
Full	48,809	9,294	4.5	39,515 to 58,103
Partial	56,860	13,252	6.5	43,608 to 70,112
None	98,613	13,631	6.7	84,982 to 112,244
Total	204,282			

DISCRIMINANT FUNCTION ANALYSIS

The purpose of discriminant function analysis is to distinguish statistically between two or more groups. In our case, we attempted to distinguish between three groups of WIN participants who were employed during 1980 and at the time of our interview 6 to 18 months later were (1) working and not on AFDC, (2) working and on AFDC, or (3) not working and on AFDC.

To distinguish between the groups, we selected a collection of variables that measure characteristics on which the groups were expected to differ. The variables were: (1) marital status, (2) education level, (3) number of children, (4) years on AFDC, (5) age, (6) sex, (7) race, (8) two-parent household, (9) number in household, (10) work experience, (11) years of work experience,

(12) unemployment rate in area, (13) community size, (14) participation in any WIN component, (15) participation in the institutional training component, (16) participation in the work experience component, (17) participation in the on-the-job training component, (18) participation in the job club component, and (19) participation in the public service employment component.

The mathematical objective of this analysis is to combine these variables so that the groups are forced to be as statistically distinct as possible.

The mathematical procedure is conducted in a step-wise manner; that is, the procedure seeks out the variable which alone best distinguishes the groups from each other. As a second step the procedure looks for a second variable which, when taken in combination with the first, best explains the difference between groups. The procedure is then repeated until no additional significant variables remain to be added. We defined a significant variable as one which has an F statistic 1/ equal to or greater than 2.54. The table below shows the variables tested, the mean value of the variable for each group, the computed F value for each variable, and the percentage of the variance between groups which is explained by the variables that have entered the analysis at that step.

Although our analysis accounted for only 11 percent of the variance among the three groups, we found five variables that were statistically significant. In order of importance they were (1) marital status, (2) education, (3) number of children, (4) years receiving AFDC, and (5) age at WIN registration. We did not find a statistically significant relationship for any other variables.

1/ The F test enables one to test for the significance of the difference between two or more sample means. For further discussion of F test, see Morris Hamburg, Statistical Analysis for Decision Making, 1st ed., pp. 437-453.

APPENDIX III

Step number	Variable	Computed F after step 5	Percent variance explained	Mean values of test variables by group: Working, not on AFDC	Working, on AFDC	Not working, on AFDC
	Significant					
1	Marital status a/	20.673	5.4	1.41	1.10	1.21
2	Education, years of b/	13.160	8.1	11.45	11.15	10.46
3	Number of children b/	8.372	9.2	1.99	2.32	2.12
4	Years receiving AFDC b/	3.817	10.6	4.11	6.15	5.77
5	Age at WIN registration b/	2.753	11.2	30.11	29.83	30.29
	Others tested					
	WIN-institutional training b/	2.218		0.33	0.33	0.25
	WIN-public service employment c/	1.774		1.89	1.93	1.91
	WIN-work experience c/	1.750		1.96	1.96	2.00
	Unemployment rate d/	1.648		2.03	2.03	1.94
	WIN-on-the-job training c/	1.209		1.91	1.92	1.89
	Two-parent household c/	1.198		1.65	1.84	1.78
	Work experience c/	1.136		1.10	1.12	1.17
	Number in household b/	0.901		3.85	3.76	3.59
	Community size e/	0.743		1.80	1.68	1.78
	Years of work experience b/	0.689		6.66	6.06	5.80
	WIN-job club c/	0.659		1.90	1.93	1.90
	Sex f/	0.582		1.67	1.88	1.77
	Race g/	0.548		1.41	1.54	1.51
	WIN component (general) h/	0.336		0.57	0.54	0.54

a/1 = Not married, 2 = Married.

b/This variable is analyzed as a continuous variable with lower bound of zero and no upper bound.

c/This variable is analyzed as a discrete variable: 1 = Yes and 2 = No.

d/1 = Equal to or less than 6.8 percent, 2 = 6.9 to 8.8 percent, 3 = 8.9 to 10.8 percent, 4 = Over 10.8 percent.

e/1 = Less than 10,000, 2 = 10,000 to 99,999, 3 = 100,000 to 499,999, 4 = 500,000 and over.

f/1 = Male, 2 = Female.

g/1 = White, 2 = Nonwhite.

h/This variable is analyzed as a continuous variable.

WIN PROGRAM FUNDING

FOR FISCAL YEAR 1980 (note a)

Region and State	Federal allocation	
	Mandatory	Discretionary
National total	$111,512,000	$275,604,000
Region I:		
Connecticut	1,945,000	3,940,000
Maine	469,000	1,736,000
Massachusetts	5,299,000	12,470,000
New Hampshire	187,000	349,000
Rhode Island	440,000	1,341,000
Vermont	261,000	1,975,000
Region II:		
New Jersey	6,166,000	7,244,000
New York	10,370,000	27,630,000
Puerto Rico	992,000	597,000
Virgin Islands	23,000	41,000
Region III:		
Delaware	349,000	673,000
Washington, D.C.	920,000	1,013,000
Maryland	1,998,000	4,333,000
Pennsylvania	6,882,000	14,359,000
Virginia	1,804,000	4,070,000
West Virginia	1,008,000	2,392,000
Region IV:		
Alabama	1,421,000	2,120,000
Florida	2,120,000	3,811,000
Georgia	2,617,000	2,822,000
Kentucky	2,072,000	2,206,000
Mississippi	1,654,000	1,601,000
North Carolina	1,833,000	4,027,000
South Carolina	1,256,000	1,864,000
Tennessee	2,123,000	2,527,000
Region V:		
Illinois	6,122,000	11,972,000
Indiana	1,619,000	3,050,000
Michigan	11,166,000	21,756,000
Minnesota	1,079,000	5,936,000
Ohio	4,677,000	18,566,000
Wisconsin	1,644,000	14,795,000

Region and State	Federal allocation	
	Mandatory	Discretionary
Region VI:		
Arkansas	$ 530,000	$ 1,157,000
Louisiana	769,000	1,806,000
New Mexico	600,000	763,000
Oklahoma	272,000	1,299,000
Texas	1,169,000	3,330,000
Region VII:		
Iowa	910,000	4,028,000
Kansas	529,000	2,068,000
Missouri	1,834,000	2,610,000
Nebraska	328,000	1,927,000
Region VIII:		
Colorado	1,005,000	4,094,000
Montana	174,000	1,143,000
North Dakota	116,000	768,000
South Dakota	230,000	1,117,000
Utah	260,000	5,505,000
Wyoming	46,000	211,000
Region IX:		
Arizona	268,000	1,158,000
California	17,753,000	33,701,000
Hawaii	530,000	3,211,000
Nevada	88,000	582,000
Guam	7,000	76,000
Region X:		
Alaska	108,000	487,000
Idaho	185,000	1,664,000
Oregon	1,551,000	12,163,000
Washington	1,438,000	9,520,000

a/About $372 million of the total $387 million allocation was expended during fiscal year 1980.

PRIOR GAO REPORTS ON

THE WIN PROGRAM

"Slow Implementation of the Work Incentive Program in New York City," B-164031(3), March 17, 1975

"Problems in the Work Incentive Program in Los Angeles and San Diego," B-164031(3), January 29, 1975

"From Welfare to Self-Sufficiency: An Assessment of the Work Incentive Program in Wayne County, Michigan," B-164031(3), August 20, 1974

"Assessment of the Work Incentive Program in Washington State," B-164031(3), August 6, 1974

"Substantial Improvements Needed in the Work Incentive Program, Atlanta, Georgia," B-164031(3), July 10, 1974

WIN PROGRAM EXPENDITURES

IN FISCAL YEAR 1980

		Fiscal year 1980 (thousands)	Percentages
Labor expenditures		$258,340	69.0
HHS expenditures		113,491	31.0
TOTAL WIN EXPENDITURES		$371,831	100.0
Grants to States:			
Employment and training:			
Intake/services:			
Medical verification	$ 1,412		
Registration/labor market exposure	55,532		
Appraisal/employability planning	23,226		
Intensive employability services/direct placement	66,015		
Adjudication	2,790	$148,975	60.0
Work and training:			
On-the-job training	$46,994		
Public service employment	18,900		
Institutional training	26,921		
Work experience	4,605	$ 97,420	40.0
Total employment and training expenditures		246,395	100.0
Child care/supportive services		113,491	
Total grants to States		359,886	96.8
Program direction and evaluation		11,945	3.2
TOTAL WIN EXPENDITURES		$371,831	100.0

CALCULATION OF GAO'S

ADJUSTED RETENTION LEVEL

The 6-month level we used to calculate the welfare grant reductions resulting from the WIN program takes into account the 46-percent original job retention level plus an adjustment for 13 percent of the WIN participants who had more than one job during fiscal year 1980. To determine the retention level, we first divided the annualized welfare grant reduction before adjustment ($633 million) into two parts--savings for those with only one job and savings for those with more than one job. The savings for those with only one job (87 percent of the participants) was determined by taking 87 percent of the $633 million, or $550.7 million, and multiplying it by the 46-percent retention level ($550.7 million x 46 percent = $253.3 million).

Calculating the savings for those with more than one job was more complex. First, we determined the share of welfare grant reduction attributed to the 13 percent that had more than one job by multiplying $633 million by 13 percent ($633 million x 13 percent = $82.3 million). If it were assumed that all of the 13 percent had jobs that together lasted 6 months, all $82.3 million would be included as savings from welfare reductions. If, however, the 13 percent were assumed to have the same retention level for 6 months as the other participants who had only one job, then 46 percent of the $82.3 million, or $37.9 million, would be included as savings from welfare reductions. Because we have no data to indicate which approach is closer to the actual retention level for those with more than one job, we split the difference and used a 73-percent level. This resulted in a savings estimate of $60.1 million.

The total savings for both groups--those with only one job and those with more than one--is estimated to be about $313.4 million. The related retention level is determined by dividing the estimated savings of $313.4 million by $633 million ($313.4 million divided by $633 million = 49.5 percent).

APPENDIX VIII

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

MAY 13 1982

Mr. Gaston Gianni
Group Director
Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Gianni:

This is in reply to the draft GAO report entitled, "An Overview of the WIN Program: Its Objectives, Accomplishments, and Problems." The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

ALBERT ANGRISANI
Assistant Secretary of Labor

Enclosure

APPENDIX VIII

U.S. Department of Labor's Response to the Draft General Accounting Office Report Entitled -- "An Overview of the WIN Program: Its Objectives, Accomplishments, and Problems"

Recommendation: The Secretaries should modify the process for calculating and reporting welfare payments reductions by:

-- eliminating the double counting of participants that enter into more than one job in a year;
-- using a more realistic retention level, such as the 6 month level, in the savings annualization process; and
-- identifying the welfare savings related to WIN placements separately from the savings resulting from participants' self-placements.

Response: The Department concurs.

Comment:

The WIN Program has not entirely met or achieved all of its objectives. However, the Administration proposes for FY 1983 to replace the categorical WIN Program with a combination of:

- Mandatory Community Work Experience Programs (CWEP) (now optional)
- Job Training Act of 1982
- Human Services Block Grant
- Other Block Grants

This approach will allow the States to have the option of carrying out WIN-type activities under these alternate legislative initiatives and funding sources and is consistent with our interest in giving States greater autonomy and responsibility for social programs. The alternative programs which are being developed will preserve the most effective WIN activites while permitting greater State flexibility in the administration of the programs and providing stronger work incentives for AFDC recipients.

In view of the planned phase-out of the WIN Program, the Department is not planning to implement the recommendations.

APPENDIX IX

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

Mr. Gregory J. Ahart
Director, Human Resources
Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

Thank you for this opportunity to respond on your draft report "An Overview of the WIN Program: Its Objectives, Accomplishments, and Problems." As the Department of Labor has the primary responsibility for the matters discussed in your recommendations, we defer to them in this regard.

Sincerely,

Richard P. Kusserow
Inspector General

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